

# ELLIS:LAWHORNE

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February 20, 2007

## **FILED ELECTRONICALLY AND ORIGINAL VIA 1<sup>ST</sup> CLASS MAIL SERVICE**

The Honorable Charles L.A. Terreni  
Chief Clerk  
**South Carolina Public Service Commission**  
Post Office Drawer 11649  
Columbia, South Carolina 29211

RE: Joint Application of Acceris Management and Acquisition LLC and First Communications LLC for (i) Approval of the Transfer of Assets, including Customers, of Acceris Management and Acquisition LLC to First Communications, LLC and (ii) the Voluntary Surrender of the Authorizations of Acceris Management and Acquisition LLC  
**Docket No. 2006-234-C, Our File No. 1202-11380**

Dear Mr. Terreni:

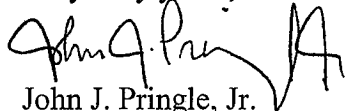
Enclosed is the original and one (1) copy of the **Verified Testimony of Mary Cegelski** filed on behalf of Acceris Management and Acquisition LLC and First Communications, LLC in the above-referenced docket. The return date has passed without intervention.

Accordingly, *the Applicants hereby request that the Commission consider this matter at the weekly agenda meeting scheduled for Wednesday February 28th.* Applicants hereby waive their right to a formal hearing in this Docket. I have discussed this matter with counsel for the ORS, and the ORS does not object to the Applicants' request.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

  
John J. Pringle, Jr.

cc: Wendy B. Cartledge, Esquire  
Ms. Mary Cegelski  
Drew S. Backstrand, Esquire  
Katherine E. Barker Marshall, Esquire

Enclosures

**THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.**

**BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2006-234-C**

In Re Application of )  
 )  
Application of Acceris )  
Management and Acquisition LLC )  
and First Communications, LLC )  
for Approval of the )  
Transfer of Assets Including )  
Customers, of Acceris )  
Management and Acquisition, LLC )  
to First Communications, LLC )

**VERIFIED TESTIMONY OF  
MARY CEGELSKI**

1   **Q.   Please state your name, business address and title.**

2   A.   My name is Mary Cegelski, and my business address has changed since the Application  
3       was filed. The new address is 15278 Neo Parkway, Garfield Heights, OH 44128. My  
4       title is Regulatory Manager: Carrier Relations at First Communications, LLC ("First  
5       Communications").

6   **Q.   Please state your qualifications.**

7   A.   I am currently Manager of Regulatory Affairs: Carrier Relations for First  
8       Communications, LLC and responsible for managing federal and state regulatory matters.  
9       I am also the liaison between First Communications and the various vendors with whom  
10      we choose to do business. I have been with First Communications for three (3) years.  
11      Prior to joining First Communications, I served as a Senior Technical Consultant to  
12      Hewlett-Packard for the Qwest ROC 271 test project, which required extensive  
13      interaction between 13 state Public Utilities Commissions, Qwest and its test  
14      administrator. I have also served as the Carrier Relations Manager for CoreComm,

1 where I represented CoreComm at SBC/Ameritech collaborative meetings regarding  
2 CMP, CUF, Plan of Record, Advance Services, Performance Measures, OSS and Third  
3 Party Master Test Plan (271), in addition to providing testimony to the State Utility  
4 Commissions in arbitration proceedings. I have also served as a Total Quality Specialist  
5 for ICG Netcom, a Customer Support Specialist for Telsource Corporation and as  
6 Manager: Payphone Support for PhoneTel Technologies, Inc. I hold a  
7 Telecommunication Certification from the University of St. Mary in Minnesota and have  
8 attended numerous seminars related to the telecommunications industry over the span of  
9 my eighteen (18) year career in the telecommunications field.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to present evidence to support the joint application of  
12 First Communications and Acceris Management and Acquisition, LLC ("Acceris") for a  
13 transfer of assets, including customers from Acceris to First Communications.  
14 Additionally, my testimony will show that the public interest will be served by the  
15 approval of this Joint Application.

16 **Q. Are all of the statements in Joint Application correct and true to the best of your**  
17 **knowledge, information and belief?**

18 A. Yes.

19 **Q. Do you wish to incorporate by reference any documents into this testimony?**

20 A. Yes. I wish to incorporate, by reference, the underlying Application filed in this  
21 proceeding and its associated exhibits.

22 **Q. Do you ratify and confirm the statements and representations made in that**  
23 **Application and all Exhibits attached thereto?**

1 A. Yes.

2 **Q. Please describe First Communications.**

3 A. First Communications, LLC is a privately held Ohio limited liability company  
4 headquartered at 3340 West Market Street, Akron, Ohio, 44333, (330) 835-2323. First  
5 was formed on July 1, 1998 under the laws of the State of Ohio. Currently, McKinley  
6 Communications, LLC holds a 51% ownership interest in First Communications, First  
7 Energy Corp. holds a 32% interest in First Communications and Boich Investment  
8 Group, Ltd. Holds a 17% interest in First. No other entity holds a 10% or greater  
9 ownership interest in First Communications.

10 First Communications is a common carrier that provides local, private line and  
11 long distance services to both business and residential customers in several states.  
12 Currently, First Communications provides telecommunications services to approximately  
13 100,000 customers located primarily in Ohio, Michigan, Indiana, Illinois, Pennsylvania  
14 and Florida. First's services include, in addition to traditional local and long distance  
15 services, toll-free services, conference calling packages, calling cards, prepaid calling  
16 cards, Internet access and dedicated and private line services. First Communications'  
17 telecommunications services are provided primarily on a resale basis using the facilities  
18 and switches that are owned and operated by other telecommunications carriers.  
19 Presently, First Communications is authorized to provide intrastate long distance  
20 telecommunications services in all contiguous states except for the following states in  
21 which authority is pending: Arizona and Wyoming. First Communications is authorized  
22 to provide intrastate long distance and competitive local exchange telecommunications  
23 services in Illinois, Indiana, Michigan, Montana, New Jersey, New York, North Dakota,

1 Ohio, Pennsylvania, and Wisconsin. In South Carolina, First Communications is  
2 authorized to provide long distance resale services, in Docket No. 2006-234-C, Order No.  
3 2006-696 issued December 5, 2006. First Communications received this authority in  
4 connection with an Asset Purchase Agreement dated July 11, 2006, between First  
5 Communications and Acceris pursuant to which First Communications acquired the  
6 Business from Acceris. With years of experience in the states mentioned above, First  
7 Communications has the financial, managerial and technical qualifications needed to  
8 provide quality telecommunications services to the customers to be acquired from  
9 Acceris. Indeed, the Commission has already examined the qualifications of First  
10 Communications to be an authorized telecommunications provider in South Carolina.  
11 First Communications is also authorized by the Federal Communications Commission to  
12 provide domestic interstate and international telecommunications services.

13 **Q. Does First Communications have the requisite managerial, technical and financial**  
14 **abilities to provide service to the Acceris customers it will acquire?**

15 A. Yes.

16 **Q. Please describe Acceris.**

17 A. Acceris Management and Acquisition LLC, a Minnesota limited liability company also  
18 conducting business as Acceris Communications or WorldxChange, is headquartered at  
19 9530 Padgett Street, Suite 101, San Diego, CA 92126, (858) 547-5700. Acceris is a  
20 direct, wholly owned subsidiary of North Central Equity LLC ("North Central"), a  
21 privately held Minnesota holding company established in 2004, whose executives have  
22 many years of experience in the telecommunications industry. Mr. Elam Baer, CEO of  
23 North Central, holds approximately 53% of the ownership interests in Acceris indirectly

1 through his holdings in North Central. No other entity holds a 10% or greater ownership  
2 interest in Acceris. Acceris is a broad based communications company, serving  
3 residential, small and medium-sized business and large enterprise customers throughout  
4 the United States. The company provides a range of products from domestic and  
5 international long distance voice services to fully managed and integrated data services  
6 and enhanced services.

7 Currently, Acceris is authorized to provide long distance telecommunications  
8 services in the contiguous 48 states, Hawaii and the District of Columbia, except in  
9 Alaska. In South Carolina, Acceris was certificated to provide long distance services in  
10 Docket No. 2005-189-C, Order No. 2005-602, issued October 17, 2005. Acceris also is  
11 authorized to provide long distance and competitive local exchange telecommunications  
12 services in California, Pennsylvania, New York, New Jersey, Florida and Massachusetts.  
13 Acceris is also authorized by the Federal Communications Commission to provide  
14 domestic and international telecommunications services. After consummation of this  
15 transaction, Acceris will surrender its telecommunications authorization in South  
16 Carolina.

17 **Q. Please describe further the proposed asset transfer transaction.**

18 A. The Applicants have reached an agreement providing for the acquisition by First  
19 Communications of certain of the remaining assets of Acceris (except for certain cash  
20 equivalent assets retained by Acceris), including the remaining long distance resale  
21 customers and any remaining personal property; and, including all local and long distance  
22 customers and any personal property such as equipment, switches, and a certain level of  
23 working capital (excluding accounts receivable), but not including any federal or state

1 telecommunications authorizations. In South Carolina, the customers being acquired are  
2 long distance resale customers only. After consummation of the transactions, Acceris  
3 will surrender its telecommunications authorization, and First Communications will  
4 provide telecommunications services to the Acceris customers directly pursuant to its  
5 own telecommunications authorization.

6 **Q. What will be the impact of the proposed transactions on the transferred customers**  
7 **of Acceris?**

8 A. The proposed transfer of customers to First Communications will have no adverse impact  
9 on customers. The affected customers will continue to receive their existing services at  
10 the same rates, terms and conditions that they have prior to the transfer and any future  
11 changes in the rates, terms and conditions of service will be made consistent with  
12 Commission requirements. To ensure a seamless transition and avoid customer  
13 confusion or inconvenience, First Communications will provide advance written notice to  
14 the affected customers at least thirty (30) days prior to the transfer, explaining the change  
15 in service provider in accordance with applicable Federal Communications Commission  
16 and Commission requirements for changing a customer's presubscribed carrier. Copies  
17 of the notification letters that will be sent to the affected customers are appended hereto  
18 as *Exhibit A*.

19 **Q. Is First Communications qualified to provide telecommunications services to the**  
20 **customer it intends to acquire from Acceris?**

21 A. Yes. As the Commission has already determined, First Communications is well-qualified  
22 managerially, technically and financially to provide telecommunications services in  
23 South Carolina. First Communications' qualifications are on file with the Commission in

1 connection with First Communications' application for authority to operate as a long  
2 distance reseller, under Docket No. 2006-234-C. First Communications' management  
3 team includes individuals with substantive experience in successfully developing and  
4 operating telecommunications business. Consequentially, the company has the adequate  
5 internal technical resources to support its South Carolina operations. First  
6 Communications has access to the financing and capital necessary to conduct its  
7 telecommunications operations and to fulfill any obligations it may undertake with  
8 respect to the operation and maintenance of its services. First Communications has  
9 successfully provided a range of local and long distance telecommunications services  
10 over the past several years.

11 **Q. How are trouble reports and customer complaints handled by First**  
12 **Communications?**

13 A. First Communications has a toll-free number available for its customers to contact the  
14 company with billing and service related issues: 1-800-274-1015. Customers may  
15 contact the company with billing related issues between the hours of 8AM - 10PM EST  
16 (Monday to Friday) and 8AM – 5PM EST (Saturday and Sunday) by using the toll free  
17 number noted above or by writing to First Communications, LLC, 3340 W. Market  
18 Street, Akron, OH 44333.

19 **Q. Will First Communications assume the South Carolina Universal Service Fund**  
20 **("USF") obligations of Acceris upon transfer of Acceris' customers to First**  
21 **Communications?**

22 A. Yes.



1 **Q. Will First Communications file an updated tariff to reflect the rates, terms and**  
2 **conditions that the affected Acceris customers currently have in place?**

3 A. Yes. First Communications' interexchange tariff will be revised to include the same  
4 services, rates, terms and conditions as in the existing Acceris tariff for the interexchange  
5 customers being acquired by First Communications. Thus, the customers being  
6 transferred from Acceris to First Communications will not experience any change in their  
7 telecommunications services. The only change will be the new service provider: First  
8 Communications, LLC. Upon consummation of the customers transfers, Acceris will  
9 request authority to withdraw its existing tariff in connection with the surrender of its  
10 telecommunications authorizations in South Carolina.

11 **Q. Is the proposed transfer of customer assets to First Communications in the public**  
12 **interest?**

13 A. The transfer of assets to First Communications will serve the public interest. Acceris has  
14 determined that its continuation as telecommunications service provider is no longer  
15 consistent with its long term interests. First Communications is a strong company that  
16 will continue to provide high quality services to the Acceris customers. First  
17 Communications' purchase of the Acceris assets will strengthen First Communications,  
18 enable it to expand and better ensure that it remains a viable long-term competitor in the  
19 telecommunications marketplace.

20 At the same time, the proposed transfer of assets does not present any anti-  
21 competitive issues. The Applicants emphasize that, following the transfer, the former  
22 Acceris customers will continue to receive services from an experienced and qualified  
23 carrier, which services will be consistent with the quality of services currently provided

1 by Acceris. First Communications has extensive experience in providing both local  
2 exchange and long distance telecommunications services. The Applicants anticipate that  
3 customers will experience a seamless transition of service provider. Further, these  
4 customers will be sufficiently notified of the transaction and their rights.

5 In addition, the exit of Acceris from the telecommunications marketplace does not  
6 present any competitive concerns. In the geographic markets in which the operations of  
7 First Communications and Acceris overlap, the market share of First Communications  
8 post-close in the local service market will be less than 5 percent. In the geographic  
9 markets in which the operations of First Communications and Acceris do not overlap,  
10 First Communications will simply step into the shoes of Acceris with respect to market  
11 share. The Applicants note that there are a number of other carriers operating in each  
12 market, including the incumbent carrier, which in each market controls a substantial  
13 market share.

14 In sum, grant of this Application will serve the public interest by strengthening  
15 the competitive position of First Communications without negative impact to Acceris  
16 customers or competition in the markets in which Acceris operates.

17 **Q. Who is knowledgeable about First Communications' operations and will serve as**  
18 **the Commission's/ORS's regulatory and customer service contact?**

19 A. All ongoing compliance matters should be directed to my attention. All correspondence,  
20 notices, inquiries and orders relating to consumer issues, billing issues, technical service  
21 quality issues, and customer complaint issues should be sent to my attention at: 15278  
22 Neo Parkway, Garfield Heights, OH 44128. My telephone number is (216) 468-1614,

1 and facsimile number is (216) 468-1680. My E-mail address is:

2 mcegelski@firstcomm.com.

3 **Q. Will First Communications continue to comply with all of the applicable rules,**  
4 **regulations and orders of the Commission?**

5 A. Yes.

6 **Q. Does this conclude your testimony?**

7 A. Yes.

## VERIFICATION

I, Mary Cegelski, am Manager of Regulatory Affairs: Carrier Relations for First Communications, LLC and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to First Communications, LLC and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Mary Cegelski

Subscribed and sworn to before me this 30<sup>th</sup> day of  
January, 2007.

Cheryl Hassinger  
Notary Public

My Commission expires: Cheryl L. Hassinger  
my commission expires  
January 8, 2008

**Cheryl L. Hassinger**  
**my commission expires**  
**January 8, 2008**